



CRS Report for Congress

U.S. Embassy in Iraq

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Summary

Concerns about the U.S. Embassy in Iraq have surfaced regarding the quality of construction and reported assertions of trafficking-like labor practices by First Kuwaiti General Trade and Contracting Company, the primary builder of the U.S. embassy in Baghdad.

The Bush Administration's FY2008 budget request includes \$65 million for base funding for operations in Iraq. In addition, the Administration requested \$823.9 million for mission operations in an FY2007 supplemental request and another \$1.9 million for mission operations in an FY2008 emergency request. On May 24, 2007, Congress passed a compromise supplemental appropriation (H.R. 2206), which the President signed into law (P.L. 110-28) on May 25. The enacted law included \$750 million for State Department operations in Iraq.

A previous emergency supplemental appropriation (H.R. 1268/P.L. 109-13), signed into law on May 11, 2005, included \$592 million for embassy construction — all that is needed for construction of the U.S. Embassy in Baghdad, according to the Department of State. Completion of the embassy is expected by the end of the 2007 summer. This report will be updated as information becomes available.

Background

From July 17, 1979, when Saddam Hussein first came to power in Iraq, until just prior to the beginning of Operation Desert Storm in January 1991, the United States had full diplomatic relations with Saddam Hussein's government. On January 12, 1991, four days before Operation Desert Storm, the United States closed its embassy doors in Baghdad. At the time of its closing, the U.S. Embassy in Baghdad maintained a staff of approximately 50 and an annual budget of \$3.5 million. From 1991 until 2004, the United States did not have diplomatic relations with Iraq.

With Saddam Hussein removed from power and the United States and its partners militarily occupying the country, the Bush Administration handed over government self-rule to the Iraqis on June 28, 2004. Part of the transition toward self-rule for Iraq is also

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a transition for the United States from being a military occupier to reestablishing normal diplomatic ties with an independent Iraq.

Organizational Structure

The U.S. Ambassador to Iraq (Ambassador Ryan Crocker) has full authority for the American presence in Iraq with two exceptions: 1 — military and security matters which are under the authority of General Petraeus, the U.S. Commander of the Multinational Force-Iraq (MNF-I), and 2 — staff working for international organizations. In areas where diplomacy, military, and/or security activities overlap, the Ambassador and the U.S. commander continue cooperating to provide co-equal authority regarding what's best for America and its interests in Iraq.

The U.S. Embassy in Baghdad is among the largest American embassies in both staff size and budget. According to the State Department, the U.S. Mission in Baghdad is staffed with about 1,000 Americans representing various U.S. government agencies and between 200 and 300 direct hires and locally engaged staff (LES, formerly referred to as foreign service nationals, or FSN).

Americans representing about 12 government agencies are providing the face of America in the embassy and regional offices in Iraq. The agencies include the Departments of State (DOS), Defense (DOD), Agriculture (USDA), Commerce (DoC), Homeland Security (DHS), Health and Human Services (HHS), Justice (DoJ), Labor (DoL), Transportation (DoT), Treasury, and the Agency for International Development (USAID). Agencies that did not recommend staff for an Iraq presence include Departments of Energy, the Interior, and Veterans Affairs, as well as NASA, Peace Corps, Secret Service, and Social Security.

The United States has a number of experts from the various agencies on the ground in Iraq working as teams (Provincial Reconstruction Teams — PRTs) to determine such needs as security, skills, expenditures, contracting and logistics, communications/information technology, and real estate. The State Department is in the process of adding 10 Embedded PRTs (EPRTs). Additionally, the United States has consultants from the agencies working in an ongoing basis with the various Iraqi ministries such as the Iraqi Health Ministry, Education Ministry, Foreign Ministry, Ministry of Oil, etc. to help Iraq gain a strong foothold on democracy and administrative skills.

In addition to the current level of U.S. personnel in Iraq, the Bush Administration announced its intention of establishing a Civilian Reserve Corps of skilled civilians to send overseas. According to Secretary Rice's testimony before the House Foreign Affairs Committee on February 7, 2007, the President's plan includes sending a "surge" of another 350 civilians to Iraq. Secretary Rice went on to say that DOD has agreed to fill many of those positions with Reservists until the State Department can recruit civilians for the long-term Civilian Response [Reserve] Corps.

Location, Security, and the Role of U.S. Diplomatic Posts in Iraq

The State Department has been using three sites for embassy-related needs. The sites are the Chancery, formerly a Baathist residence which was later occupied by the U.S.

Army; the Annex (the Republican Palace) previously used by the CPA; and the Ambassador's residence, once occupied by Ambassadors Bremer, Negoponte, and Khalilzad. The U.S. government is not paying Iraq for the use of property and buildings, according to the State Department. The Iraqi government has reportedly requested that these facilities be returned to it, with improvements, which State Department officials say will happen when the New Embassy Compound (NEC) is completed in 2007. On October 31, 2004, the United States and Iraqi Ministry of Foreign Affairs signed an agreement on diplomatic and consular property. Among other things, this agreement transferred to the United States title to a site for the new American Embassy compound and future consulate sites in Basra and Mosul. State's Overseas Buildings Operations (OBO) identified a 104-acre site for a NEC on a site adjacent to the Tigris River in the Green Zone. OBO claims that the NEC is on schedule to open in late summer, 2007.

First Kuwaiti General Trading and Contracting Company (a Kuwaiti company with ties to Kellogg, Brown, and Root [KBR] in some Defense Department activities) was selected through a competitive bidding process to build the U.S. embassy in Baghdad, according to State Department officials. Current controversy with the embassy construction involves news accounts of First Kuwaiti using improper labor practices and possibly trafficking in people to build the embassy. According to a State Department official, a recent Inspector General report determined that reports of improper labor practices by First Kuwaiti are unfounded.¹

Regional teams are located in Mosul, Kirkuk, Basrah, and Hillah; each consists of limited staff representing DOS, as well as other agencies and contractors in designated locations. Altogether, about 46 people are spread among the regional offices. Each regional team's mission is primarily advising and coordinating with local officials and interacting with citizens to better understand the attitudes of the Iraqi people toward America. Both in Baghdad and in the regional offices, American Foreign Service Officers will be conducting public diplomacy — promoting American values and policies in Iraq.

Beyond the official consulate posts in Iraq, the Department of State has Foreign Service Officers embedded in major U.S. military commands located outside of Baghdad. DOS and DOD civilian employees also are at these locations. The State Department reportedly plans on having a total of 50 personnel in the Iraq provinces, including diplomatic security personnel.

Security is key to establishing diplomatic relations. The current facilities used by DOS in Baghdad have been subject to attacks, some of which have injured and killed Americans. According to the Department of State, Diplomatic Security (DS) has responsibility for embassy security. Overall security in the country, however, will continue to be the responsibility of the commander of the multinational forces. DOD and contractors will continue to be major contributors to a secure atmosphere. Regarding funding of security activities, the Administration has determined that security for the embassy will come from a combination of DOD's budget, as well as State's Diplomatic Security funds.

¹ Telephone conversation with a State Department official in the Office of Acquisition Management, July 12, 2007.

Funding

For embassy construction: Congress authorized \$20 million (P.L. 108-287) for housing and other expenses incurred prior to construction of the new compound in Baghdad and \$592 million (P.L. 109-13) for construction of the NEC on the 104-acre site. Department of State officials say that the funding is sufficient and the NEC is on track to being completed on time — by the end of summer, 2007.

For U.S. operations in Iraq: The FY2008 budget request includes \$65 million for regular funding for operations in Iraq. In addition, the Bush Administration requested \$823.9 million in its FY2007 supplemental request for operations in Iraq and in the FY2008 emergency request the Administration is seeking an additional \$1.9 billion for operations in Iraq. If Congress were to approve all three requests, it would provide a total of about \$2.8 billion for U.S. State Department operations in Iraq within a year.

Congress passed its FY2007 supplemental appropriation (H.R. 2206) with \$750 million for State Department operations in Iraq, \$73.9 million less than requested. The funding is for mission security, logistics support, overhead security (reinforcing roofs and ceilings to protect against bombs), and information technology. Congress has not yet considered the FY2008 supplemental request. Some funding for State Department operations in Iraq also is included in the State, Foreign Operations Appropriation for FY2008 (H.R. 2764, H. Rept. 110-197, S. Rept. 110-128).

Congressional Responsibilities

While conducting foreign policy is the prerogative of the President, Congress maintains three important responsibilities with respect to U.S. foreign policy: 1) confirmation of political appointees (held by the Senate), 2) appropriations, and 3) oversight. Congressional opportunities to have input on U.S. diplomatic relations with Iraq and the embassy can occur within the nomination confirmation process, the annual State Department appropriation legislation, and biennial foreign relations authorization.

The position of Ambassador to Iraq was initially filled by John Negroponte, who served from May 2004 to March 2005. Zalmay Khalilzad (formerly the Ambassador to Afghanistan) is the current U.S. Ambassador to Iraq. Ryan Crocker has been nominated to replace Ambassador Khalilzad. The Senate Foreign Relations Committee held a nomination hearing for him on February 15, 2007. He has not yet been confirmed.

Appropriations for the new U.S. Mission in Iraq have come from a variety of sources. To date, no funds for either the interim buildings or new embassy construction have come from the regular appropriations process, according to the Department of State. The initial phase of establishing the U.S. post in Baghdad involved the Administration finding funds without specific appropriations for the embassy. Subsequently, much of the total required funding appeared in emergency supplemental requests, CPA funds, and DOD appropriations rather than in the regular budget. Many have had difficulty in discerning exactly what the Administration has already received and what is still needed; what has been spent and what is in the pipeline; what is available for operational activities of the Mission versus activities related to construction of the new compound.

Oversight includes congressional monitoring of how the embassy represents American foreign policy, cultural and commercial interests. While the 108th Congress was criticized in the media for doing too little oversight in general, and specifically with transferring of supplemental funds from Afghanistan to Iraq, construction of the new embassy in Iraq has been a high priority for some Members. Congress can provide the State Department with authority and direction to implement new programs or new emphasis on existing programs, and can set reporting requirements on spending or conducting such activities.